

m/03/002

From: Wayne Hedberg
To: Pam Grubaugh-Littig
Date: 11/7/00 2:43PM
Subject: Fwd: Paradise Management Inc. - Koosharem Reclamation Letter of Credit

Pam,
During his recent review of updated surety forms for Koosharem, Kurt raised an interesting question regarding the existing (recently upgraded) ILOC. Apparently Don Fulmer is the owner of the ILOC which was originally posted as surety for the Koosharem Mine. Paradise Management Inc. is on the Reclamation Contract but not listed on the ILOC per se.

Kurt was concerned what would happen to the ILOC if Mr. Fulmer died. Would the bank still honor the ILOC or would it become invalid? He called the bank for clarification and the following email is what he found out. Sounds like we're OK for now, but may want to consider a change if and when it becomes necessary to update or revise ILOC at future date. I'm not sure how BLM or SITLA would read this?? Maybe you want to forward onto Lowell and Mary Ann for their consideration and feedback, especially regarding approval of new ILOC's in the future. Policy or procedural change may be warranted in how we look at ILOC's?

CC: Kurt Seel; Minerals

From: Kurt Seel
To: Hedberg, Wayne
Date: 11/7/00 1:37PM
Subject: Paradise Management Inc. - Koosharem Reclamation Letter of Credit

Wayne,

As a followup to our conversation re what happens to the First Security LOC in the above if the applicant (Fullmer) is different from the mine operator, and the applicant dies, I contacted First Security bank. I also asked Tom Mitcherll- he did not know the answer either.

I received a message from Timi Freeman at First Security who indicated she talked with an attorney for the bank and that the bank would still honor the LOC in the even Fullmer died. She did not say for how long. I will send over a transcrption of the message for the Paradise Management/Koosharem file. Her message provides limited comfort. If the Division is going to ask for a brand new LOC sometime, it would be nice to have both Paradise Management and Fullmer's name added to the LOC. For now it appears okay. If question please contact me. Thanks.

Kurt